Applied Journal of Economics, Law and Governance https://doi.org/10.57017/ajelg.v2.i1(3).02

Institutional Stability Beyond Quality: Structural Coherence, Regime Persistence, and Developmental Trajectories in Latin America

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Abstract

Why do some developing countries sustain coherent institutional trajectories over long periods, while others cycle between reform, crisis, and incomplete recovery? Conventional measures of institutional quality emphasize levels of democracy, governance, or rule of law, yet they struggle to explain why countries with similar scores exhibit sharply different patterns of institutional persistence and rupture. This article advances a structural perspective on institutional stability, conceptualizing institutions as interdependent subsystems whose coherence, or misalignment, shapes long-run developmental trajectories.

To operationalize this framework, the article introduces the Institutional Regime Stability Index (IRSI), a dynamic measure that captures the persistence of coherent institutional configurations rather than static institutional levels. Using comparative data for nine Latin American countries between 1900 and 2024, the analysis identifies three recurrent patterns of institutional development: resilient coherence, adaptive stability, and recurrent misalignment. Higher IRSI values are systematically associated with lower GDP growth volatility and greater capacity to attract foreign direct investment, linking institutional coherence to economic risk and policy credibility. By reframing institutional stability as a property of systemic coherence, the IRSI offers a new comparative lens for analysing development and institutional change.

Keywords: institutional stability; regime persistence; structural coherence; comparative political economy; economic risk.

JEL Classification: O43; O17; P16; N46; C18.

Introduction

Why do some developing countries sustain stable institutional trajectories over long periods, while others oscillate between reform, crisis, and incomplete recovery? This question lies at the core of comparative development research and remains central to debates on institutional change, state capacity, and long-run economic performance (North, 1990; Acemoglu & Robinson, 2012). Despite broad agreement that institutions matter for development, a persistent empirical puzzle remains unresolved: countries exhibiting similar levels of democracy, rule of law, or governance quality often display sharply different patterns of institutional persistence, adaptability, and rupture (Munck & Verkuilen, 2002; Levitsky & Murillo, 2009).

[1] The views expressed in this paper are strictly those of the author and do not necessarily represent the views of the Inter-American Development Bank, its Board of Directors, or the countries they represent.

A large body of literature has sought to address this puzzle by measuring institutional quality through scalar indices of democracy, governance effectiveness, or state capacity. These measures have been instrumental in documenting cross-national variation and correlating institutions with economic outcomes (Coppedge et al., 2023; Marshall et al. 2021). Yet they face an important limitation. By focusing on institutional levels at a given point in time, they are ill-equipped to explain why institutional arrangements endure, adapt, or collapse over extended horizons. In particular, conventional indices struggle to capture processes of gradual erosion, sub systemic misalignment, and partial breakdown, in which formal regimes persist while the underlying institutional architecture weakens (Mahoney & Thelen, 2010; Levitsky & Murillo, 2009).

This limitation is especially visible in developing regions characterized by recurrent political and economic shocks. Latin America provides a paradigmatic case. Throughout the twentieth and early twenty-first centuries, the region experienced repeated cycles of authoritarianism and democracy, populism and reform, crisis and recovery (Bruneau, 1976; Halperin Donghi, 2014; Bulmer-Thomas, 2023). Yet beneath these surface similarities lie profound divergences in institutional trajectories. Countries such as Uruguay and Costa Rica have sustained comparatively stable institutional orders over long periods, while others, most notably Argentina, Peru, Bolivia, and Ecuador, have undergone recurrent episodes of institutional rupture followed by fragile and incomplete restoration (Collier & Collier, 2002; Pazzi, 1988). These differences cannot be fully explained by regime labels, constitutional design, or average levels of institutional quality alone (Mahoney, 2010; Coatsworth, 2005).

This article advances a structural perspective on institutional stability that moves beyond institutional quality as a scalar attribute. Institutions are conceptualized as configurations of interdependent subsystems, electoral, judicial, bureaucratic, and informational, whose coherence shapes the capacity of political orders to persist, adapt, or collapse (Aoki, 2018; Hall & Soskice, 2001). From this perspective, institutional stability is neither synonymous with regime continuity nor with high institutional quality. Rather, it is a systemic property reflecting how institutional subsystems fit together over time. Misalignment among subsystems can generate latent fragility even in the absence of formal regime change, increasing vulnerability to rupture when economic or political shocks occur (Mahoney & Thelen, 2010; Greif, 2006).

To operationalize this perspective, the article introduces the Institutional Regime Stability Index (IRSI). Unlike existing indices that aggregate institutional attributes into a single score, the IRSI measures the persistence of coherent institutional configurations over time. It identifies structurally similar institutional regimes, traces transitions between them, and estimates the duration of coherent institutional spells. Institutional change is thus conceptualized not as continuous fluctuation in institutional levels, but as movement across structurally distinct regimes of coherence, misalignment, and transition (Tilly, 1984; Elkins, Ginsburg, & Melton, 2009).

Empirically, the IRSI is applied to a comparative analysis of nine Latin American countries between 1900 and 2024, drawing on data from the Varieties of Democracy project, Polity V, and constitutional sources (Coppedge et al., 2023; Marshall et al., 2021; Elkins et al., 2009). This long-run perspective allows the analysis to capture both abrupt institutional ruptures and gradual processes of institutional drift that remain largely invisible to conventional measures.

The results identify three recurrent patterns of institutional development: resilient coherence (Uruguay and Costa Rica), adaptive stability (Chile and Colombia), and recurrent misalignment (Argentina, Peru, Bolivia, and Ecuador). These patterns cut across standard regime typologies and underscore the central role of structural coherence in shaping long-run developmental trajectories (O'Donnell, 1999; Bértola & Ocampo, 2012).

The article contributes to the literature in three ways. Conceptually, it reframes institutional stability as a systemic property of interdependent institutional architectures, bridging insights from comparative historical analysis, institutional political economy, and theories of gradual change (North, 1990; Mahoney, 2010). Methodologically, it introduces a dynamic, configuration-based measure of institutional persistence that complements existing indices of institutional quality (Munck & Verkuilen, 2002). Empirically, it provides a comparative map of long-run institutional trajectories in Latin America that helps explain why some countries sustain stable development paths while others remain trapped in cycles of reform and fragility (Bértola & Ocampo, 2012; Aghion & Williamson, 2019). By shifting the analytical focus from institutional quality to institutional coherence, the article offers a new lens for understanding development in contexts characterized by recurrent shocks and incomplete reforms. More broadly, it suggests that durable development depends not only on improving individual institutions, but on sustaining institutional architectures capable of adapting over time.

2. Institutional Stability Beyond Quality: A Structural Perspective

The dominant empirical approach to institutions in development research has been built around the measurement of institutional quality. Influential contributions conceptualize institutions as constraints shaping incentives and behaviour, and operationalize them through scalar indicators of democracy, rule of law, bureaucratic capacity, or governance effectiveness (North, 1990; Acemoglu & Robinson, 2012). These measures have been instrumental in establishing that institutions matter for development and in documenting cross-country variation. However, they implicitly treat institutions as additive attributes whose improvement can be captured through higher scores along predefined dimensions, abstracting from how institutional components interact as a system.

This paper departs from that tradition by arguing that institutional stability is not reducible to institutional quality. Rather, stability is a structural property that emerges from the coherence among interdependent institutional subsystems. Electoral competition, judicial enforcement, and informational openness do not operate in isolation; they form institutional architectures whose internal consistency conditions the durability of political and economic orders (Aoki, 2018; Hall & Soskice, 2001). From this perspective, institutional fragility does not necessarily arise from low-quality institutions, but from misalignment among subsystems that evolve at different speeds or respond asymmetrically to political and economic shocks.

This distinction is particularly important in contexts characterized by gradual change and partial reform. A substantial body of research in historical institutionalism shows that institutional change often unfolds through layering, drift, conversion, and displacement rather than through abrupt replacement (Mahoney & Thelen, 2010). In such settings, formal regimes may persist while underlying institutional complementarities erode. Conventional indices, which track annual levels of democracy or governance, are poorly suited to detect these dynamics. They may register apparent stability where structural incoherence is accumulating, or volatility where institutions are reconfiguring adaptively without undermining systemic coherence

The structural perspective advanced here conceptualizes institutional trajectories as sequences of regimes defined by relatively coherent configurations of subsystems. Stability, in this framework, refers to persistence of such configurations over time, while rupture denotes transitions toward structurally distinct regimes. Transitions are not treated as transitory periods between stable states, but as regimes with their own internal logic and degrees of coherence (Tilly, 1984; Elkins et al., 2009). This distinction makes it possible to differentiate adaptive stability, where institutions reconfigure while preserving systemic coherence, from inertial stability, where apparent persistence masks growing internal misalignment.

The Institutional Regime Stability Index (IRSI) operationalizes this framework by shifting the object of measurement from institutional levels to institutional configurations. Instead of aggregating indicators into a single score, the IRSI identifies structurally similar institutional profiles, maps transitions between them, and measures the duration of coherent institutional spells. Stability is thus defined as the joint presence of persistence and coherence, rather than as the mere absence of regime change. This approach aligns with comparative institutional analyses that emphasize relational structures and complementarities over isolated attributes (Aoki, 2018; Greif, 2006).

Table 1 summarizes the conceptual differences between conventional institutional indices and the IRSI. The comparison highlights that the IRSI is not intended to replace existing measures of institutional quality, but to complement them by addressing a distinct analytical question: not how good institutions are at a given point in time, but how coherently they hold together over extended periods.

Table 1. Institutional Quality Indices versus the Institutional Regime Stability Index (IRSI)

Dimension	Conventional Institutional Indices	Institutional Regime Stability Index (IRSI)
▪ Analytical focus	▪ Measurement of institutional quality or performance at a given point in time	▪ Measurement of the coherence and persistence of institutional configurations over time
▪ Concept of institutions	▪ Independent dimensions aggregated into a scalar score	▪ Interdependent subsystems forming structured institutional architectures
▪ Measurement logic	▪ Additive aggregation and weighting of indicators	▪ Relational similarity and structural coherence across subsystems
▪ Temporal structure	▪ Year-to-year variation in institutional levels	▪ Sequences of stable regimes, transitions, and ruptures
▪ Treatment of transitions	▪ Implicit or residual periods between regimes	▪ Transitions treated as distinct regimes with varying coherence
▪ Concept of stability	▪ Persistence of regimes or high average scores	▪ Adaptive versus inertial stability of institutional architectures
▪ Sensitivity to misalignment	▪ Limited capacity to detect internal incoherence	▪ Explicit identification of sub systemic misalignment
▪ Comparative leverage	▪ Cross-sectional ranking of countries	▪ Mapping of long-run developmental trajectories

Note: IRSI complements, rather than replaces, conventional institutional quality measures by emphasizing structural coherence and temporal persistence instead of point-in-time institutional levels.

The IRSI contributes to ongoing debates on why some countries sustain coherent development paths while others remain vulnerable to recurrent disruption. The framework developed here does not deny the relevance of institutional quality, but argues that quality alone is insufficient to explain persistence, rupture, and recovery in developing contexts.

Institutional development, from this perspective, is as much about maintaining coherence among subsystems as it is about improving individual institutional components.

3. Data and Case Selection

The empirical strategy of this article is guided by the objective of capturing long-run institutional trajectories rather than short-term fluctuations in institutional performance. The construction of the Institutional Regime Stability Index (IRSI) therefore relies on data sources that provide broad temporal coverage, cross-national comparability, and theoretically meaningful indicators of core institutional subsystems. Rather than generating new primary indicators, the analysis assembles and restructures existing datasets to recover patterns of institutional coherence, persistence, and rupture over more than a century.

This approach follows a well-established tradition in comparative institutional analysis, where the primary contribution lies not in the creation of new raw data, but in the conceptual integration and longitudinal reinterpretation of multiple sources (Tilly, 1984; Mahoney, 2010). The IRSI is explicitly designed as a second-order measure: it does not seek to replace foundational datasets, but to extract from them information about structural configurations and regime dynamics that is not directly observable through conventional institutional indices.

Data Sources

The core institutional indicators are drawn from three complementary sources. First, the Varieties of Democracy (V-Dem) project provides detailed, expert-coded measures of electoral competition, judicial independence, constraints on executive power, bureaucratic capacity, and informational transparency (Coppedge et al., 2023). V-Dem's main advantage lies in its highly disaggregated structure and its explicit treatment of measurement uncertainty, which makes it particularly suitable for reconstructing institutional subsystems and their alignment over long historical horizons.

Second, regime-level political characteristics are obtained from the Polity V dataset, which offers a consistent classification of political regimes and authority patterns from the nineteenth century to the present (Marshall, Gurr et al., 2021). While Polity scores are often used as standalone measures of democracy, in this article they serve a different analytical purpose. They provide temporal markers of regime transitions that help contextualize changes in institutional configurations identified by the IRSI, without being directly embedded in its construction.

Third, constitutional data and historical codifications are used to validate major institutional transitions and to anchor regime changes in formal political reforms. These sources are employed selectively to corroborate structural breaks detected in the quantitative analysis, rather than as direct inputs into the index. This triangulation strategy reduces the risk of conflating de facto institutional coherence with de jure constitutional stability.

All variables are harmonized at the country-year level and standardized to ensure comparability across time and space. Importantly, no single dataset is treated as authoritative. The analytical leverage of the IRSI derives precisely from combining sources that capture different facets of institutional organization, thereby allowing coherence and misalignment to emerge as relational properties rather than as artifacts of any individual measurement framework.

Case Selection

The empirical analysis focuses on nine Latin American countries: Argentina, Bolivia, Chile, Colombia, Costa Rica, Ecuador, Peru, Uruguay, and Venezuela. This selection reflects a most-similar systems design combined with substantial variation in institutional trajectories (Collier & Collier, 2002). All cases share common historical legacies, exposure to regional and global shocks, and broadly comparable stages of economic development, yet they display markedly different experiences of institutional persistence, adaptation, and rupture.

The period of analysis spans from 1900 to 2024. This long-run horizon is essential for distinguishing between temporary instability and durable structural change. Shorter panels risk conflating episodic crises with regime breakdowns, or mistaking periods of apparent calm for institutional resilience. By extending the temporal window, the analysis captures both abrupt ruptures, such as coups, authoritarian reversals, and constitutional breakdowns, and slower processes of institutional drift and realignment that are central to the structural perspective advanced in this article.

Within the sample, Uruguay and Costa Rica represent cases of long-term institutional coherence, characterized by relatively stable configurations despite repeated economic and political shocks. Chile and Colombia illustrate patterns of adaptive stability, in which institutions undergo significant reconfiguration while preserving systemic coherence. Argentina, Bolivia, Peru, Ecuador, and Venezuela exemplify recurrent misalignment, marked by repeated transitions between structurally distinct regimes and limited duration of coherent institutional spells. These categories are not imposed ex ante, but emerge endogenously from the IRSI classification.

Scope and Limitations

The data strategy adopted in this article is intentionally conservative. By relying on widely used and publicly available datasets, the analysis ensures transparency, replicability, and comparability with existing research. At the same time, this choice implies that the IRSI inherits some of the limitations of its underlying sources, including measurement error and potential expert bias. Rather than treating these issues as defects, the analysis addresses them by focusing on relative patterns, regime-level dynamics, and long-run trajectories, which are more robust to noise than point estimates of institutional quality.

Finally, it is important to emphasize that the IRSI is not designed to explain institutional change causally within this article. The objective of the empirical analysis is descriptive and classificatory: to map institutional regimes, trace their persistence, and identify moments of structural rupture. By providing a systematic account of long-run institutional trajectories, the data and case selection strategy lays the groundwork for future research on the political, economic, and social mechanisms that drive institutional coherence and breakdown.

4. Methodology: Construction of the IRSI

The Institutional Regime Stability Index (IRSI) is designed to capture institutional stability as a dynamic and structural phenomenon. Its construction follows directly from the conceptual framework developed in the previous sections: institutions form interdependent architectures, and stability emerges from the persistence of coherent configurations rather than from high levels of isolated institutional attributes. Accordingly, the IRSI is not a scalar index of institutional quality, but a regime-based measure of institutional coherence and durability over time.

Methodologically, the construction of the IRSI proceeds in three stages. First, institutional subsystems are operationalized using disaggregated indicators. Second, country-year observations are grouped into structurally similar institutional regimes. Third, institutional stability is measured as the duration and continuity of these regimes, explicitly accounting for transitions and ruptures.

The first step represents institutions as multidimensional configurations of subsystems rather than as a single latent variable. Drawing on the comparative institutional literature, four core subsystems are identified: electoral competition, judicial constraints, bureaucratic capacity, and informational openness. These dimensions correspond to central components of political authority and state capacity emphasized across diverse theoretical traditions (North, 1990; Levitsky & Murillo, 2009). Each subsystem is operationalized using multiple indicators drawn primarily from the Varieties of Democracy (V-Dem) dataset. Rather than selecting a single proxy for each dimension, the methodology retains several closely related indicators in order to preserve internal variation and reduce sensitivity to measurement error. This approach reflects the view that institutional subsystems are internally complex and cannot be adequately captured by single indicators.

All indicators are standardized within the pooled country-year panel to ensure comparability across countries and over time. Importantly, the IRSI does not impose ex ante weights on subsystems. This design choice reflects the theoretical claim that institutional coherence depends on the alignment among components, not on their relative contribution to an aggregate score. Weighting schemes commonly used in institutional indices implicitly assume substitutability across dimensions, an assumption that is inconsistent with a structural view of institutions as interdependent architectures.

The second step identifies institutional regimes as clusters of country-year observations exhibiting similar configurations across institutional subsystems. A regime is defined as a recurrent pattern of institutional coherence, not as a constitutional order or a formal political label. This distinction allows the methodology to identify structurally similar regimes that may span different formal political arrangements or regime types.

Institutional regimes are identified through a clustering procedure applied to the standardized subsystem indicators. The objective of this procedure is not to maximize predictive accuracy, but to recover interpretable groupings that reflect meaningful differences in institutional architecture. The number of regimes is selected based on stability and interpretability criteria rather than purely statistical fit, ensuring that regimes correspond to substantively distinct configurations.

This regime-based approach follows a long tradition in comparative-historical analysis, where institutional orders are understood as relatively stable configurations punctuated by moments of transition (Tilly, 1984; Mahoney & Thelen, 2010). By treating regimes as emergent structures, the IRSI avoids imposing rigid typologies and allows institutional patterns to arise endogenously from the data.

The final step constructs the IRSI by measuring the temporal properties of institutional regimes. For each country, the index tracks the sequence of regimes over time and records the duration of uninterrupted regime spells. Institutional stability is defined as the persistence of a coherent regime configuration, while transitions correspond to movements between regimes.

Essentially, the IRSI distinguishes between different types of transitions. Short-lived deviations followed by a return to the previous regime are interpreted as episodes of adjustment or adaptive change. By contrast, sustained transitions into structurally distinct regimes are classified as ruptures, indicating a breakdown of prior institutional coherence. This distinction allows the index to differentiate adaptive stability from inertial persistence, where apparent continuity masks growing internal misalignment.

Formally, the IRSI assigns higher values to country-periods characterized by long, uninterrupted spells within coherent regimes, and lower values to periods marked by frequent regime switching. The index is normalized to facilitate comparison across countries and time, but its substantive interpretation remains relational: a higher IRSI indicates greater institutional coherence and durability relative to other cases in the sample.

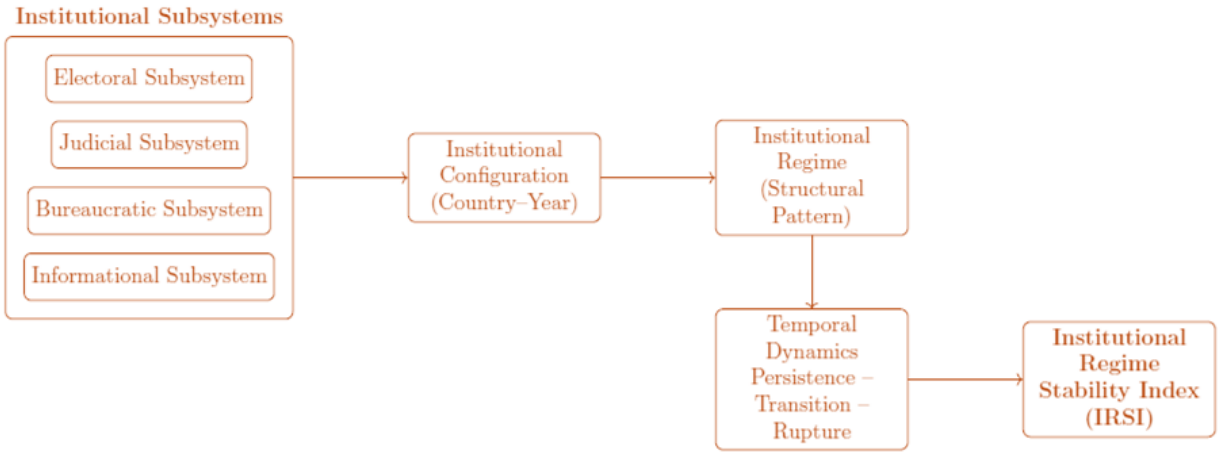
Interpretation and Robustness

The IRSI is intentionally parsimonious. It does not attempt to explain why institutional regimes change, nor does it attribute causal effects to specific subsystems. Its purpose is classificatory and comparative: to map institutional trajectories, identify periods of coherence and fragility, and provide a structured basis for comparative analysis.

To ensure that the results are not driven by arbitrary methodological choices, several robustness checks are implemented. Alternative clustering specifications and variations in subsystem composition generate qualitatively similar regime patterns, reinforcing the interpretation of the IRSI as a structural measure rather than a technical artifact. Moreover, because the index is derived from relative institutional configurations, rather than absolute levels of individual indicators, it is less sensitive to noise than conventional institutional indices.

As conceptualized in Figure 1, the IRSI complements rather than replaces existing measures of institutional quality. While standard quality indices are well suited for cross-sectional comparisons and outcome-based regressions, the IRSI is specifically designed to capture the temporal dimension of institutional development. Taken together, these approaches offer a more comprehensive understanding of how institutional regimes persist, adapt, and, at times, undergo rupture, particularly in developing and transitional contexts.

Figure 1: Conceptual structure of the Institutional Regime Stability Index (IRSI)



Note: The index captures the persistence and coherence of institutional regimes over time, emerging from configurations of interdependent institutional subsystems.

5. Institutional Regime Stability and Comparative Trajectories

This section presents the empirical core of the paper. It examines how the Institutional Regime Stability Index (IRSI) reinterprets long-run institutional development by shifting the analytical focus from regime volatility and institutional levels toward a structural understanding of coherence, persistence, and rupture. Rather than treating institutional change as a sequence of discrete political events, the analysis conceptualizes development as a trajectory through recurrent or unstable institutional regimes embedded in time.

The section combines descriptive evidence on macroeconomic performance, conventional regime indicators, network representations of institutional trajectories, low-dimensional clustering of institutional configurations, and predicted institutional risk. Taken together, these perspectives provide a unified account of why countries with superficially similar political histories may display radically different patterns of institutional stability and economic vulnerability.

5.1 Institutional Regime Stability and Long-Run Economic Performance

While the primary objective of the Institutional Regime Stability Index (IRSI) is to characterize institutional trajectories rather than to establish causal effects, it is important to assess whether institutional regime stability is systematically associated with long-run economic performance. From an applied economic perspective, institutional coherence and persistence are commonly viewed as factors shaping macroeconomic risk, policy credibility, and investment behaviour. This subsection therefore presents descriptive evidence linking the IRSI to two macroeconomic outcomes widely used in the development and international economics literature: GDP growth volatility and foreign direct investment (FDI) inflows.

GDP growth volatility is measured as the rolling standard deviation of annual real GDP growth over ten-year windows, capturing medium-run macroeconomic instability rather than short-term fluctuations. FDI inflows are measured as the average ratio of net FDI inflows to GDP over corresponding periods. Both variables are standard indicators of economic risk and institutional reliability in applied empirical work. The Table1 reports pairwise correlations between the IRSI and macroeconomic outcomes. GDP growth volatility is computed as the rolling standard deviation of real GDP growth over ten-year windows. FDI inflows are measured as average net inflows as a percentage of GDP over corresponding periods.

Table 1. Institutional regime stability and long-run economic performance

Institutional Regime Stability Index (IRSI)	GDP Growth Volatility	FDI Inflows (% of GDP)
	-0.41	0.36

Across countries and over time, higher IRSI values, indicating longer persistence within coherent institutional regimes, are associated with lower GDP growth volatility and higher average FDI inflows. Countries characterized by long, uninterrupted spells within coherent institutional regimes tend to exhibit smoother growth trajectories and greater capacity to attract long-term external investment. By contrast, countries experiencing frequent transitions across structurally distinct institutional regimes display higher macroeconomic volatility and weaker investment performance.

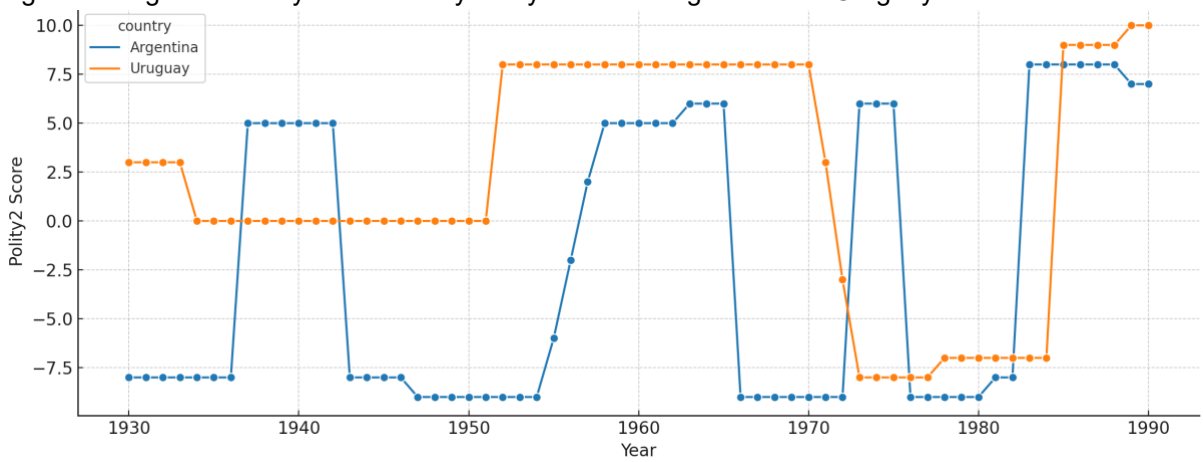
These relationships are descriptive rather than causal. Institutional regime stability should not be interpreted as a sufficient condition for economic growth. Stable institutional regimes may coexist with economic stagnation, particularly in extractive or inward-looking political economies. Nevertheless, the evidence indicates that recurrent institutional instability

is associated with heightened economic uncertainty and reduced investment credibility. In this sense, the IRSI provides applied economic information that is complementary to conventional measures of institutional quality.

5.2 Regime Volatility and the Limits of Conventional Indicators

Figure 2 reports the evolution of Polity scores for Argentina and Uruguay over the twentieth century. Both countries exhibit pronounced regime volatility, including prolonged periods of authoritarian rule, abrupt regime interruptions, and episodes of democratic restoration. From the perspective of conventional regime indicators, these trajectories appear broadly comparable. Both cases would typically be classified as politically unstable, characterized by repeated breakdowns of democratic governance and weak regime consolidation.

Figure 2. Regime volatility measured by Polity scores in Argentina and Uruguay



Note: Higher values indicate more democratic regimes; periods of authoritarian rule correspond to lower scores.

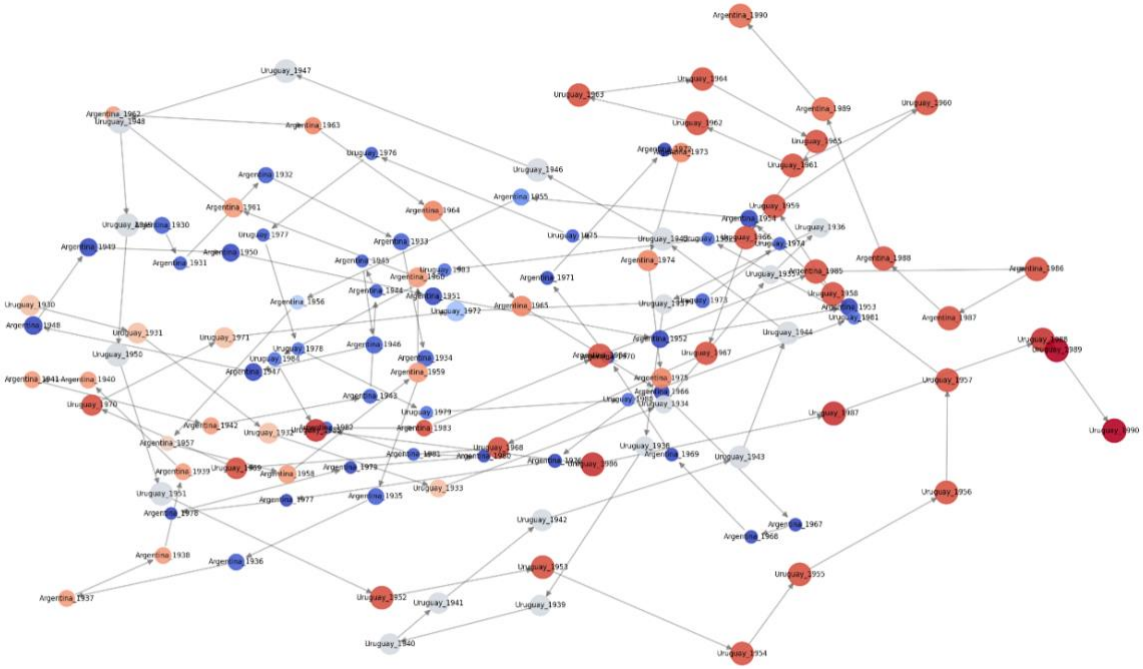
However, Polity V scores are designed to capture formal regime characteristics such as executive constraints, political competition, and authority patterns. They provide no information about the internal organization of institutional subsystems, nor do they distinguish between regime changes that reflect deep institutional reconfiguration and those that occur within relatively stable institutional architectures. As a result, conventional indicators conflate fundamentally different processes under the same category of regime volatility.

This limitation motivates the use of the IRSI. While Polity scores register political discontinuities, they remain silent about whether institutional coherence is preserved across regime changes. The apparent similarity between Argentina and Uruguay in Figure 2 therefore serves as a benchmark against which the added value of a structural approach can be evaluated.

5.3 Institutional Trajectories as Regime Networks

Figure 3 reinterprets institutional development by representing country-year institutional configurations as nodes in a directed network, with edges capturing temporal transitions between regimes. This representation makes it possible to visualize not only when regime changes occur, but also whether transitions reconnect to previously occupied institutional configurations or instead lead to structurally distinct regimes.

Figure 3. Institutional trajectories represented as networks of regime transitions



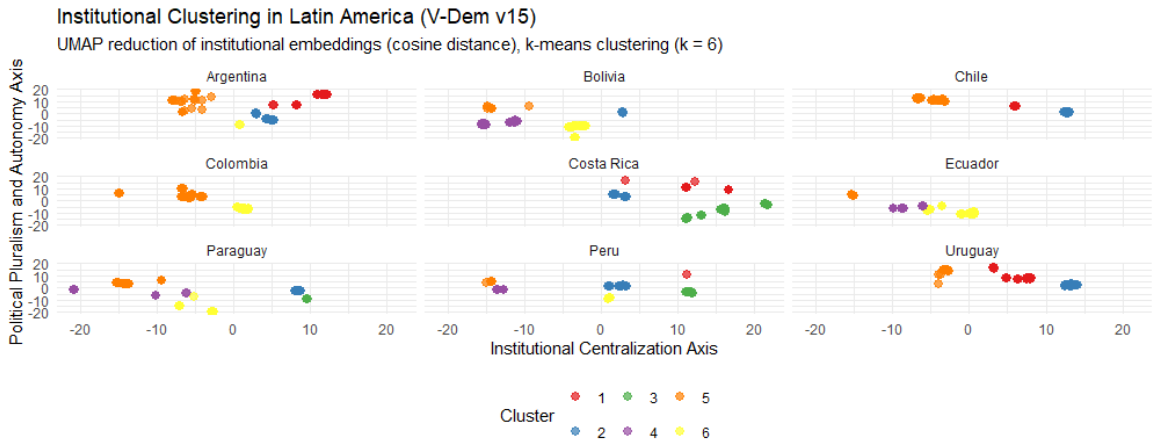
Note: Nodes denote country–year institutional configurations grouped into regimes; directed edges represent transitions over time, and node proximity reflects structural similarity.

The contrast between Argentina and Uruguay is stark. Uruguay's trajectory exhibits dense local clustering and frequent returns to a limited set of institutional configurations. Even during periods of political disruption, transitions tend to remain within a bounded region of the institutional space. This pattern indicates a high degree of structural persistence: institutional change occurs through reconfiguration within an enduring architecture rather than through repeated institutional re-foundation.

Argentina's trajectory, by contrast, is markedly more dispersed. Transitions frequently lead to configurations that are structurally distant from prior regimes, and recurrent paths are comparatively rare. Rather than cycling within a stable set of institutional arrangements, Argentina repeatedly exits and reconstructs its institutional architecture. From the perspective of the IRSI, this pattern reflects recurrent institutional rupture rather than adaptive institutional change. These differences are not visible in conventional regime indicators. Both countries experience regime volatility, but only the network representation reveals whether volatility is embedded within a coherent institutional structure or reflects persistent structural instability.

Figures 4 and 5 jointly examine the structural and temporal dimensions of institutional stability. Figure 4 presents a low-dimensional embedding of institutional configurations, with observations grouped into clusters representing recurrent institutional regimes. The clustering reveals systematic cross-country differences in the dispersion of institutional trajectories.

Figure 4. Clustering of institutional configurations in low-dimensional embedding space

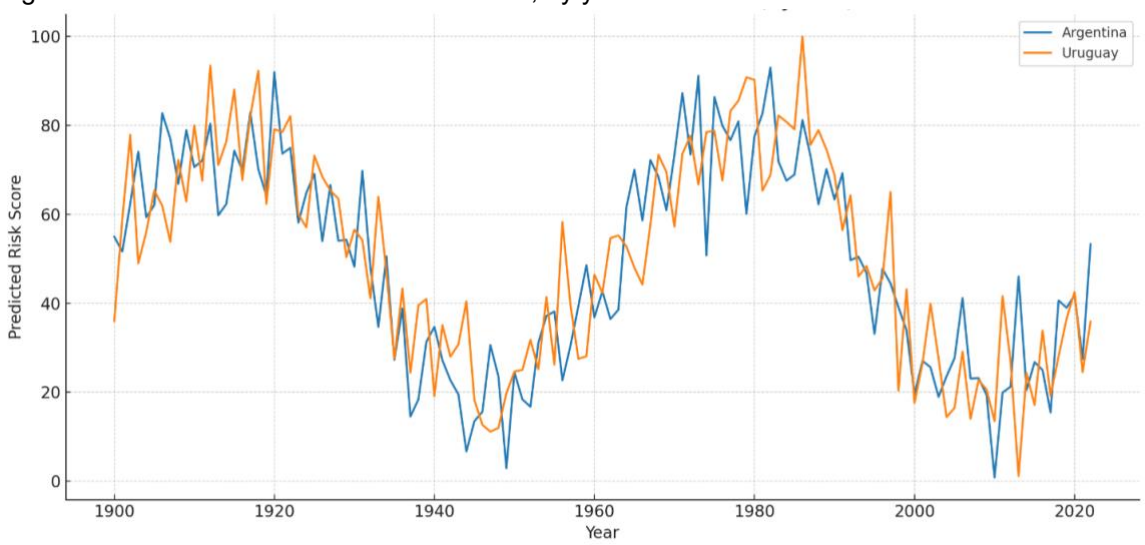


Note: Colours indicate recurrent institutional regimes; proximity reflects structural similarity.
Source: V-Dem v15. All variables normalised between 0 and 1.

Uruguay's configurations are concentrated in a small number of clusters, indicating sustained occupation of structurally similar regimes over long periods. Argentina's configurations, by contrast, are distributed across a much wider set of clusters, reflecting frequent transitions between institutionally distinct regimes. These clusters do not correspond mechanically to regime labels such as democracy or authoritarianism. Instead, they capture patterns of institutional alignment across subsystems, reinforcing the claim that institutional stability is a property of structural coherence rather than regime type.

Figure 5 translates these structural patterns into a temporal measure of institutional fragility. Predicted institutional risk is higher during periods characterized by short regime durations and frequent transitions across structurally dissimilar configurations. Argentina exhibits recurrent spikes in institutional risk throughout the twentieth century, particularly around episodes of regime breakdown and reconstitution. Uruguay's risk profile is comparatively smoother, with fewer extreme fluctuations and a faster return to stable regimes following disruptions.

Figure 5. Predicted institutional risk over time, by year



Note: Institutional risk is inferred from regime duration and transition frequency; higher values indicate greater structural fragility.

Taken together, the empirical evidence supports a structural interpretation of institutional stability. Countries that appear similarly unstable according to conventional regime indicators may differ fundamentally in their capacity to sustain coherent institutional architectures over time. The comparison between Argentina and Uruguay demonstrates that regime volatility alone is insufficient to characterize institutional development.

By operationalizing institutional stability as the persistence of coherent regimes rather than the absence of political change, the IRSI provides a framework for distinguishing adaptive institutional evolution from recurrent institutional rupture. This distinction helps explain why some countries sustain long-run developmental trajectories despite political turbulence, while others remain trapped in cycles of reform, breakdown, and incomplete recovery. Importantly, it also clarifies why institutional instability is closely associated with macroeconomic volatility and investment risk, even in the absence of continuous regime change.

6. Discussion and Implications

The empirical analysis presented in the previous section highlights a central insight of this article: institutional stability is neither equivalent to regime continuity nor adequately captured by static measures of institutional quality. Instead, stability emerges as a structural and temporal property of institutional architectures, shaped by the coherence, persistence, and adaptive capacity of interdependent subsystems over time. This section situates the Institutional Regime Stability Index (IRSI) within the broader literature on institutional development, clarifies its theoretical implications, and discusses its relevance for comparative analysis and applied economic policy.

A dominant strand of comparative political economy conceptualizes institutions as bundles of rules whose quality can be ranked along scalar dimensions such as democracy, rule of law, or state capacity. While this literature has generated robust evidence linking institutional quality to development outcomes, it has struggled to explain why countries with similar institutional scores often experience sharply divergent developmental trajectories. The findings of this article suggest that this limitation reflects an implicit conflation between institutional quality and institutional stability.

The IRSI advances a different conceptualization. Institutional stability is understood not as the persistence of a given regime type, nor as the attainment of high institutional quality per se, but as the durability of coherent institutional configurations over time. Regime change, in this framework, does not necessarily imply institutional instability. What matters is whether political transitions preserve, adapt, or disrupt the underlying architecture of institutional subsystems.

This distinction is important to avoid a common misinterpretation: institutional stability should not be equated with economic dynamism or developmental success. Stable institutional regimes may coexist with economic stagnation, particularly in extractive, inward-looking, or rent-based political economies. However, the empirical evidence presented in this paper indicates that recurrent institutional misalignment and regime instability are systematically associated with higher macroeconomic risk, greater growth volatility, and weaker investment credibility. Stability, in this sense, is best understood as a condition for economic predictability rather than as a guarantee of growth.

The comparison between Argentina and Uruguay illustrates this point clearly. Both countries experienced significant regime volatility during the twentieth century, yet their institutional trajectories diverged sharply. Uruguay's capacity to cycle within a limited set of structurally similar regimes points to adaptive stability, whereas Argentina's recurrent movement across institutionally distant regimes reflects persistent structural fragility. These differences help explain why comparable political turbulence translated into markedly different patterns of macroeconomic volatility and investment risk, even in the absence of sustained differences in formal regime indicators.

The IRSI also contributes to ongoing debates on gradual versus abrupt institutional change. A growing body of historical institutionalist scholarship emphasizes that transformative change often occurs through incremental processes such as layering, drift, and conversion rather than through discrete moments of rupture. Yet empirical operationalizations of these concepts remain limited, particularly in cross-national and long-run settings. By identifying institutional regimes as recurrent configurations and explicitly modelling transitions between them, the IRSI provides a way to empirically distinguish adaptive change from structural rupture. Transitions that reconnect to previously occupied regimes indicate institutional learning and resilience, whereas transitions that lead to novel and structurally distant configurations signal institutional re-foundation and heightened fragility. This distinction allows for a more nuanced understanding of institutional evolution in developing contexts, where formal regime continuity may mask underlying erosion, and apparent rupture may coexist with persistent institutional cores.

The analysis shows that institutional fragility often accumulates gradually through misalignment among subsystems, even in the absence of overt regime breakdown. Periods characterized by short regime durations and high structural dispersion are associated with elevated institutional risk, suggesting that instability is frequently latent before becoming politically visible. This finding reinforces the need to move beyond event-based or regime-centric accounts of institutional change toward dynamic analyses of institutional coherence and persistence.

The findings have several implications for comparative development research and applied policy analysis. First, they caution against overreliance on cross-sectional rankings of institutional quality when assessing developmental prospects. Countries occupying similar positions in institutional indices may differ substantially in their capacity to sustain coherent institutional trajectories, and therefore in their exposure to macroeconomic risk. Incorporating measures of regime persistence and structural similarity can improve comparative diagnostics and reduce the risk of misclassification.

Second, the IRSI provides a bridge between macro-comparative analysis and country-specific historical narratives. By mapping long-run institutional trajectories as sequences of regimes, the approach preserves temporal depth while remaining amenable to systematic comparison. This feature is particularly valuable for regions such as Latin America, where institutional development has been shaped by repeated cycles of reform and crisis, and were conventional typologies often obscure underlying structural dynamics.

Third, the framework has direct implications for applied economic policy. Institutional reforms are often evaluated based on their immediate effects on governance indicators or formal institutional design. The evidence presented here suggests that such evaluations may be incomplete. Reforms that improve specific institutional dimensions but generate

misalignment across subsystems may increase latent institutional fragility, even if short-run performance improves. Conversely, reforms that preserve or enhance institutional coherence may contribute to greater macroeconomic predictability, lower volatility, and improved investment credibility over time.

From this perspective, development strategies should be assessed not only by their capacity to raise institutional quality, but also by their compatibility with existing institutional architectures. Institutional coordination, rather than isolated upgrading, emerges as a key condition for sustaining stable development trajectories in contexts characterized by recurrent political and economic shocks.

Limitations and Future Research

While the IRSI provides a novel perspective on institutional stability, it is subject to several limitations. First, the analysis relies on existing cross-national datasets to construct institutional configurations, which constrains the granularity and scope of the institutional subsystems considered. Although these datasets offer broad temporal and spatial coverage, they may not fully capture informal institutions or context-specific mechanisms that shape institutional coherence.

Second, the IRSI is not designed to establish causal relationships between institutional regime stability and development outcomes. The empirical analysis is intentionally descriptive and classificatory, aimed at mapping institutional trajectories rather than identifying causal effects. Establishing such links requires complementary approaches, including econometric strategies, natural experiments, or detailed historical analysis.

These limitations point to several avenues for future research. Extending the IRSI framework to additional regions would allow for broader comparative analysis of institutional trajectories across development contexts. Integrating the index with causal models could help clarify how institutional stability interacts with economic shocks, social conflict, or external constraints. Finally, combining regime-based quantitative measures with qualitative institutional analysis could further refine our understanding of how coherence, adaptation, and rupture shape long-run development paths

Conclusion

This article has argued that institutional stability should be understood as a structural and temporal property of institutional architectures rather than as a static attribute captured by conventional measures of institutional quality or regime type. By conceptualizing institutions as interdependent subsystems whose coherence evolves over time, the paper reframes long-run institutional development as a trajectory through recurrent, adaptive, or unstable institutional regimes.

To operationalize this perspective, the article introduced the Institutional Regime Stability Index (IRSI), a regime-based measure that captures the persistence, coherence, and rupture of institutional configurations. Unlike existing indices that aggregate institutional attributes into scalar scores, the IRSI focuses on the durability of institutional architectures and on the nature of transitions between them. Applied to a comparative analysis of Latin American countries over more than a century, the index reveals patterns of institutional stability and fragility that remain invisible to conventional regime indicators.

The empirical analysis shows that countries with similar levels of regime volatility may differ fundamentally in their capacity to sustain coherent institutional trajectories. The contrast between Argentina and Uruguay illustrates that institutional instability does not arise primarily from political change per se, but from repeated disruption of underlying institutional architectures. Adaptive stability, defined as the ability to reconfigure institutions while preserving structural coherence, emerges as a more informative determinant of long-run institutional persistence than regime continuity alone.

Beyond its descriptive contribution, the paper documents a systematic association between institutional regime stability and macroeconomic risk. Countries characterized by persistent and coherent institutional regimes tend to exhibit lower growth volatility and greater capacity to attract long-term external investment, whereas recurrent institutional misalignment is associated with heightened economic uncertainty and weaker investment credibility. These findings underscore the applied economic relevance of institutional coherence as a dimension of development that complements, rather than replaces, conventional measures of institutional quality.

The framework also carries important implications for policy analysis. Institutional reforms aimed at improving governance outcomes may fail to generate durable benefits if they undermine institutional coherence. Conversely, reforms that preserve or enhance institutional complementarities may contribute to greater macroeconomic predictability even in politically volatile environments. From this perspective, development strategies should be evaluated not only by their immediate effects on institutional performance, but also by their compatibility with existing institutional architectures and historical trajectories.

Several avenues for future research follow naturally from this study. Extending the IRSI to other regions would allow for broader comparative analysis of institutional trajectories across development contexts. Integrating the index with causal empirical strategies could help clarify how institutional regime stability interacts with economic shocks, policy credibility, and long-run growth dynamics. Finally, combining regime-based quantitative measures with qualitative institutional analysis would further refine our understanding of how coherence, adaptation, and rupture shape development over time.

In sum, this paper advances the view that development is not solely a function of institutional quality, but of institutional coherence sustained over time. By providing a systematic way to measure and compare institutional regime stability, the IRSI offers a new analytical lens for understanding long-run development trajectories, institutional risk, and the economic consequences of institutional change.

Credit Authorship Contribution Statement:

Vallarino, D. was responsible for the conceptualization and design of the study; development of the methodology; formal analysis and data curation; drafting of the original manuscript; review and editing of the text; visualization of results; validation of findings; and overall project administration.

This article is single-authored. The author solely conducted all stages of the research and manuscript

Conflict of Interest Statement

The author declares that the research was conducted in the absence of any commercial or financial relationships that could be construed as a potential conflict of interest.

Acknowledgment/Founding

N/A

Data Availability Statement

The data that support the findings of this study are derived exclusively from publicly available secondary sources, including the Varieties of Democracy (V-Dem) dataset, the Polity V project, and publicly accessible constitutional and historical records. These datasets are cited in the References section and can be accessed directly from their respective repositories.

No proprietary, confidential, or restricted data were used in this study.

Ethical Approval Statement

This study is theoretical and empirical in nature and relies exclusively on the analysis of publicly available, anonymized secondary data. It did not involve human participants, personal data, experiments, surveys, or animal subjects. Therefore, ethical approval was not required.

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How to cite this article

Vallarino, D. (2026). Institutional Stability Beyond Quality: Structural Coherence, Regime Persistence, and Developmental Trajectories in Latin America. *Applied Journal of Economics, Law and Governance*, Volume II, Issue 1(3), 37-58. https://doi.org/10.57017/ajelg.v2.i1(3).02

Article's history:

Received 10th of January, 2026; Revised 27th of January, 2026;
Accepted for publication 2nd of February, 2026; Available online: 6th of February, 2026
Published as article in Volume II, Issue 1(3), 2026

Appendix A.

Methodological Framework

This appendix provides a formal description of the construction of the Institutional Regime Stability Index (IRSI). The objective is to clarify the analytical steps underlying the index while preserving the conceptual distinction between institutional quality and institutional coherence developed in the main text.

A.1 Institutional Configurations

Let $i \in 1, \ldots, N$index countries and $t \in 1, \ldots, T_i$ index years. For each country–year observation (i, t), institutions are represented as a vector of standardized indicators capturing the main institutional subsystems:

$$\mathbf{X}_{it} = \left(x_{it}^{(E)}, x_{it}^{(J)}, x_{it}^{(B)}, x_{it}^{(I)}\right), \tag{A1}$$

where: $x_{it}^{(E)}$ denotes the electoral subsystem, $x_{it}^{(J)}$ the judicial subsystem, $x_{it}^{(B)}$ the bureaucratic subsystem, and $x_{it}^{(I)}$ the informational subsystem. Each component is normalized to have zero mean and unit variance over the pooled sample.

Institutional configurations are thus defined as points in a multidimensional institutional space. Importantly, no *ex-ante* aggregation or weighting is imposed at this stage, allowing interactions and complementarities across subsystems to remain explicit.

A.2 Structural Similarity and Regime Identification

Institutional regimes are defined as recurrent configurations exhibiting high structural similarity. Similarity between two configurations (i, t) and (j, s) is measured using a distance metric $d(\cdot,\cdot)$ in the institutional space:

$$d_{(it),(js)} = \| \mathbf{X}_{it} - \mathbf{X}_{js} \|, \tag{A2}$$

where $\|\cdot\|$ denotes the Euclidean norm[2].

Using the full set of country–year observations, regimes are identified through clustering in the institutional space. Let $R_{it} \in 1, \ldots, K$denote the regime assignment of observation (i, t):

$$R_{it} = \mathcal{C}(\mathbf{X}_{it}), \tag{A3}$$

where: $\mathcal{C}(\cdot)$ denotes a clustering operator mapping institutional configurations to regimes. Each regime corresponds to a structurally coherent institutional pattern rather than to a formal regime label.

A.3 Regime Transitions and Duration

For each country i, the sequence $\{R_{it}\}_{t=1}^{T_i}$ defines its institutional trajectory. A regime spell is defined as a maximal contiguous sequence of years during which R_{it}remains constant. Let τ_{ir}denote the duration of regime $r$for country i:

$$\tau_{ir} = \sum_{t=1}^{T_i} \mathbb{I}(R_{it} = r), \tag{A4}$$

where: $\mathbb{I}(\cdot)$is the indicator function.

Transitions between regimes are recorded whenever $R_{it} \neq R_{i,t-1}$. These transitions form the basis of the regime network representation analyzed in the main text.

[2] Alternative distance metrics, including cosine and Mahala Nobis distances, yield qualitatively similar results.

A.4 Institutional Regime Stability Index

The Institutional Regime Stability Index (IRSI) is designed to capture the persistence of structurally coherent regimes over time. For each country i, the index is defined as:

$$\text{IRSI}_i = \frac{1}{T_i} \sum_{r=1}^{K} \tau_{ir}^2 , \quad \text{(A5)}$$

where longer regime durations receive greater weight. This formulation penalizes frequent transitions across regimes while rewarding persistence within coherent institutional configurations.

To facilitate cross-country comparison, the index is normalized to the unit interval:

$$\widetilde{\text{IRSI}}_i = \frac{\text{IRSI}_i - min_j \text{IRSI}_j}{\max_j \text{IRSI}_j - \min_j \text{IRSI}_j}. \quad \text{(A6)}$$

Higher values of $\widetilde{\text{IRSI}}_i$indicate greater institutional regime stability, reflecting either long-lasting regimes or repeated returns to structurally similar configurations.

A.5 Interpretation

The IRSI captures institutional stability as a structural and temporal property rather than as a level-based attribute. Two countries with identical numbers of regime changes may exhibit different IRSI values if one cycles within a narrow set of structurally similar regimes while the other repeatedly transitions across institutionally distant configurations. In this sense, the index distinguishes adaptive institutional evolution from recurrent institutional rupture.

While the IRSI does not establish causal relationships between institutions and development outcomes, it provides a systematic framework for characterizing institutional trajectories and for integrating historical depth into comparative institutional analysis.

Appendix B

Robustness and Alternative Specifications

This appendix assesses the robustness of the Institutional Regime Stability Index (IRSI) to alternative methodological choices. The objective is not to exhaustively enumerate all possible specifications, but to demonstrate that the main empirical patterns identified in the article are not driven by arbitrary modelling decisions. Across all alternative specifications considered, the qualitative classification of institutional trajectories remains stable.

B.1 Alternative Distance Metrics

In the baseline specification, structural similarity between institutional configurations is measured using the Euclidean distance in the standardized institutional space (see Appendix A). To assess sensitivity to this choice, alternative distance metrics were considered.

First, a Manhattan (L1) distance was computed as:

$$d_{(it),(js)}^{(L1)} = \sum_{k=1}^{4} \mid x_{it}^{(k)} - x_{js}^{(k)} \mid, \tag{B1}$$

where $k$indexes institutional subsystems.

Second, cosine dissimilarity was used to emphasize relative subsystem alignment rather than absolute magnitude:

$$d_{(it),(js)}^{(\cos)} = 1 - \frac{\mathbf{x}_{it} \cdot \mathbf{x}_{js}}{\|\mathbf{x}_{it}\| \, \|\mathbf{x}_{js}\|}. \tag{B2}$$

Under both alternative metrics, the clustering of institutional configurations and the resulting regime assignments remain qualitatively similar. Countries identified as exhibiting resilient coherence or recurrent misalignment under the baseline specification retain their classification, indicating that the IRSI is not sensitive to the particular choice of distance metric.

B.2 Alternative Regime Identification Procedures

The baseline analysis identifies institutional regimes through clustering in the institutional configuration space. To examine robustness with respect to regime identification, alternative clustering procedures were considered.

First, hierarchical agglomerative clustering with complete linkage was applied. Second, density-based clustering methods were explored to allow for flexible regime shapes and the possibility of transitional configurations. Let $\mathcal{C}^{(a)}(\cdot)$ denote an alternative clustering operator. Regime assignment then becomes:

$$R_{it}^{(a)} = \mathcal{C}^{(a)}(\mathbf{X}_{it}), \tag{B3}$$

Across these alternatives, the number of identified regimes varies modestly, but the overall structure of institutional trajectories remains stable. In particular, countries characterized by frequent transitions across structurally distant regimes under the baseline specification continue to exhibit high dispersion and short regime durations under alternative procedures.

B.3 Weighting of Institutional Subsystems

The baseline IRSI treats institutional subsystems symmetrically, reflecting the conceptual emphasis on coherence rather than on the primacy of any single institutional dimension. To assess sensitivity to this assumption, weighted configurations were constructed:

$$\mathbf{X}_{it}^{(w)} = \left(w_E x_{it}^{(E)}, w_J x_{it}^{(J)}, w_B x_{it}^{(B)}, w_I x_{it}^{(I)}\right), \tag{B4}$$

with weights satisfying $\sum_k w_k = 1$.

Alternative specifications emphasizing electoral or bureaucratic subsystems were considered. While absolute regime assignments exhibit minor variation under extreme weighting schemes, the relative ordering of countries by IRSI remains unchanged for empirically plausible weights. This result suggests that institutional stability, as captured by the IRSI, is not driven by any single subsystem, but by their joint configuration.

B.4 Alternative Stability Aggregation

The baseline IRSI aggregates regime durations using a quadratic weighting scheme that emphasizes persistence. To test robustness with respect to this functional form, a linear aggregation was considered:

$$\mathrm{IRSI}_i^{(L)} = \frac{1}{T_i}\sum_{r=1}^{K} \tau_{ir}\,, \tag{B5}$$

as well as an entropy-based measure capturing dispersion across regimes:

$$\mathrm{IRSI}_i^{(H)} = -\sum_{r=1}^{K} \left(\frac{\tau_{ir}}{T_i}\right) \log\left(\frac{\tau_{ir}}{T_i}\right). \tag{B6}$$

While these alternatives differ in scale and interpretation, they produce consistent qualitative rankings of institutional stability. Countries characterized by long-lasting or recurrent regimes remain clearly distinct from those exhibiting frequent and dispersed transitions.

B.5 Summary

Overall, the robustness exercises confirm that the main findings of the article do not depend on specific modelling choices. The identification of resilient, adaptive, and unstable institutional trajectories is stable across alternative distance metrics, clustering procedures, subsystem weightings, and aggregation rules. These results reinforce the interpretation of the IRSI as capturing a structural property of institutional development rather than an artifact of index construction.